

NEW YORK POST

LATE CITY FINAL

January 8, 2009

NYP

Real Estate Guide

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Off the Wall

Rental buildings pour on incentives like free rent

By ADAM BONISLAWSKI

HOW weak is the Manhattan rental market these days? Well, if things keep going the way they have been, you might want to slip your next rent check inside a sympathy card before giving it to your landlord.

According to numbers from the Real Estate Group New York, rents are down across the board in Manhattan. Non-doorman studios, one-bedrooms and two-bedrooms

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BURB APPEAL
TINA TRASTER GOES
LOG WILD WITH HER FURNACE

The Philippe Starck-designed 95 Wall St. is offering deals like 15 months for the price of 12.

Paul Rivera/retrophoto

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Wall St.

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and doorman studios and one-bedrooms are all renting for less than they were at this time last year. Only doorman two-bedrooms saw prices rise compared to those of the previous year, and the average rent increase was less than 1 percent.

Bond New York principal Bruno Ricciotti says that since the Wall Street crisis came to a head in September, he's seen rents for some units fall 10 to 30 percent.

"They're the steepest price drops that I've seen in the 12 years that I've been in the business," he says.

And typically, the city's sales and rental markets haven't seen prices fall simultaneously, as they have been, notes Gary Malin, president of Citi Habitats.

"Historically, when the sales market hits a bump in the road, the rental market is the prime beneficiary," he says. "But [rental] prices are certainly coming down."

And signs of the market's softness don't end at falling prices, either. In fact, says Fritz Frigan, executive director of sales and leasing for Halstead Property, an even better measure of the rental scene's health is the number of buildings that are offering to cover broker's fees.

"Most landlords try not to lower rent because then you're renewing the next year from a lower base," Frigan says.

But in hard times, many will pay a new tenant's broker's fee as a way of luring them to their building. In January 2008, 90 of the rental properties represented by Halstead were covering brokers' fees. By July, that number was up to 400. By November, it was at 1,300.

And, says Real Estate Group COO Daniel Baum, the real rental downturn might just be beginning. Despite all the talk of layoffs, recent job losses are still working their way through the market. (City Comptroller William Thompson has predicted 170,000 lost jobs in the city through 2010.)

The majority of New York's renters start and end their leases in the late spring and summer, Baum notes, adding, "My guess is

AVAILABLE RENTALS



Paul Rivera/archphoto

Rentals at the Philippe Starck-designed 95 Wall St. range from studios starting around \$2,900 to two-bedrooms starting around \$5,800. And incentives include up to three months' free rent. Contact: 212-742-9595



Lorenzo Cinghio

This two-bedroom, two-bath unit with Energy Star appliances and an air filtration and ventilation system at the eco-friendly TriBeCa Green building on North End Avenue is \$5,595. Contact: 212-693-0001



Lorenzo Cinghio

This one-bedroom, 1,000-square foot rental at the new Platinum building on West 46th Street is \$5,000. Building perks include a golf simulator. Contact: Lisa Chin-Tostes, Manhattan Apartments, 212-378-2333

that you're going to see a lot more inventory coming on the market then."

There are no doubt deals to be had right now, though. In fact, says Ricciotti, New York renters have begun to take advantage of their strange new position in the catbird seat.

"I'm seeing a segment of the market I haven't seen since 2001, 2002," he says. "People who are moving not because they have to, but because they think they can get a deal."

So where are the bargain-hunters heading? According to Daniel Hedaya, director

bonuses

WHERE THE RENTAL DEALS ARE

	FINANCIAL DISTRICT		MIDTOWN WEST		UPPER EAST SIDE		HARLEM	
	Non-doorman	Doorman	Non-doorman	Doorman	Non-doorman	Doorman	Non-doorman	Doorman
STUDIO	\$2,366	\$2,470	\$1,806	\$2,349	\$1,751	\$2,303	\$1,262	\$1,297
1-BR	\$2,915	\$3,293	\$2,229	\$3,394	\$2,260	\$3,438	\$1,682	\$1,803
2-BR	\$4,064	\$4,938	\$2,810	\$4,989	\$3,113	\$5,373	\$2,208	\$2,388

Data for December 2008 from the Real Estate Group New York

AVERAGE RENTAL PRICES IN MANHATTAN

		DEC 07	DEC 08	CHANGE
NON-DOORMAN	STUDIO	\$2,905	\$2,052	-2.04%
	1-BR	\$2,919	\$2,728	-6.53%
	2-BR	\$3,949	\$3,815	-3.39%
DOORMAN	STUDIO	\$2,748	\$2,495	-9.20%
	1-BR	\$3,790	\$3,574	-5.70%
	2-BR	\$5,520	\$5,514	+0.61%

Data from the Real Estate Group of New York



This 47th-floor, two-bedroom, two-bath rental with 11-foot ceilings at 20 Exchange Place is \$5,095. There is no deposit required for qualified renters.

Contact: 212-937-6790



This \$3,000 one-bedroom rental measuring 788 square feet is located in the Lincoln Towers building on West End Avenue. Building perks include a garage and a private park with a basketball court.

Contact: Kristina Ojdanic, The Corcoran Group, 212-401-1910

of leasing at Platinum Properties, pretty much everywhere. Even buildings in prime rental neighborhoods like Chelsea and Murray Hill are offering concessions these days. But if you're looking for the most bang for your buck, you might want look in areas like the Financial District, where an excess of inventory has led landlords to offer significant incentives.

"The majority of buildings in the Financial District are

offering the broker's fee plus one month of free rent to tenants," says Hedaya.

And some area buildings — including the Philippe Starck-designed Dwell building at 95 Wall St. — are offering up to three months of free rent, Hedaya says. Others are trying out incentives like waived security deposits or \$500 American Express gift cards.

High inventory could also send rents lower in Midtown West, where buildings like

the Archstone Clinton have added hundreds of units to the neighborhood. In-progress developments like the 1,359-unit Silver Towers at 600 42nd St. are slated to add thousands more.

"That's an area [Midtown West] that's about to come onto the market hard in the next six or seven months," Hedaya says.

It's also an area, Frigan says, that's relatively remote and lacking in services — factors that make it more susceptible to a downturn.

Similarly susceptible are fringe neighborhoods like Harlem and the outermost reaches of the Upper East and Upper West sides. Harlem apartments, in fact, are already a relative bargain, with non-doorman studios averaging under \$1,300 a month, according to numbers from the Real Estate Group New York.

And, as Malin notes, the far Upper East Side's lack of transportation and abundance of amenity-free walk-ups make it a perennial favorite of those looking for a deal.

DJK Residential broker Leslie Lazarus also suggests bargain-hunters concentrate their searches on larger rental developments.

"That's where my clients are seeing the best values right now," she says. "They typically have more flexibility [than an individual landlord], and they definitely have more inventory right now."

"I can't say rents have come down so much that Manhattan has become so affordable," Baum says, sounding a note of caution lest lessees get caught up in their own brand of "irrational exuberance."

All the same, though, given the current state of things, every little bit helps.